

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 INT-05 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 DODE-00 FEAE-00 FPC-01 H-01 INR-07

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SP-02 SS-15 STR-01 TRSE-00 FRB-01 XMB-02 OPIC-03

LAB-04 SIL-01 DOTE-00 CG-00 FMC-01 /086 W

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R 141406Z JAN 75

FM AMCONSUL JOHANNESBURG

TO AMCONSUL CAPE TOWN

AMEMBASSY PRETORIA

AMCONSUL LOURENCO MARQUES

INFO SECSTATE WASHDC 3679

USDOC WASHDC

AMCONSUL DURBAN

LIMITED OFFICIAL USE JOHANNESBURG 0042

E.O. 11652: N/A

TAGS: ELTN, ETRD, SF

SUBJECT: MOZAMBIQUE RAILROAD AND PORT BOTTLENECKS REPORTEDLY
THREATEN U.S. CHROME ORE SUPPLY

1. SUMMARY: REPRESENTATIVES OF AMERICAN COLLOID COMPANY AND PPG INDUSTRIES VISITED THIS OFFICE SEPARATELY JANUARY 13 TO ALERT US TO A SERIOUS SITUATION FACING U.S. IMPORTS OF SOUTH AFRICAN CHROME BECAUSE OF BOTTLENECKS IN RAIL TRANSPORTATION THROUGH MOZAMBIQUE AND IN THE PORT OF LOURENCO MARQUES. THEY STATED SEVERAL IMPORTANT U.S. USERS OF SOUTH AFRICAN CHROME ORE (INCLUDING UNION CARBIDE, COMBUSTION ENGINEERING, AND THEIR OWN COMPANIES) HELD A JOINT MEETING JANUARY 8 IN NEW YORK WITH THE SOUTH AFRICAN CONSUL GENERAL, WHO UNDERTOOK TO ARRANGE A SIMILAR JOINT MEETING IN SOUTH AFRICA, TENTATIVELY ON JANUARY 20 AND PROBABLY WITH MINISTER OF TRANSPORTATION MULLER,
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TO REQUEST HELP AT HIGH LEVELS OF SAG.

2. ACCORDING TO THESE REPRESENTATIVES, SHIPS HAVE BEEN LYING OFF LOURENCO MARQUES SINCE NOVEMBER AND DECEMBER, WAITING TO LOAD CHROME ORE AND INCURRING COSTLY AND RISING DEMURRAGE CHARGES. SOME 4,000 FREIGHT CARS, MANY LOADED WITH CHROME ORE, CONGEST LOURENCO MARQUES PORT. SOUTH AFRICAN RAILWAYS (SAR) HAS SUSPENDED SHIPPING FURTHER CHROME ORE INTO MOZAMBIQUE UNTIL THAT COUNTRY RETURNS SOME OF THE FREIGHT CARS CLOGGING MOZAMBIQUE RAIL LINES AND CONTRIBUTING TO SAR'S SHORTAGE OF ROLLING STOCK.

3. U.S. COMPANIES SEE STOCKPILES OF CHROME ORE BEING CRITICALLY DEPLETED, HAVE NO DESIRABLE ALTERNATIVE SOURCE OF SUPPLY TO SOUTH AFRICA FOR CHEMICAL-GRADE ORE. THEY WANT TO EXPLORE SOLUTIONS WITH SAG TO MAINTAIN OUTFLOW OF AN IMPORTANT SOUTH AFRICAN EXPORT, SUCH AS TEMPORARY DIVERSION OF SOME ORE TO SOUTH AFRICAN PORTS (EVEN THOUGH THESE ALSO SUFFER FROM VARIOUS DEGREES OF CONGESTION), OR SAG TECHNICAL ASSISTANCE TO MOZAMBIQUE RAIL AND PORT AUTHORITIES.

4. LOURENCO MARQUES ACTION REQUESTED:
DON SODERLUND OF AMERICAN COLLOID, AND FRANK BROWN OF GENERAL MINING AND FINANCE (A SOUTH AFRICAN SUPPLIER), PLAN TO VISIT LOURENCO MARQUES THURSDAY JANUARY 16 BY AIR, ARRIVING 8:30 A.M. AND LEAVING AT 5:00 P.M. TO RETURN HERE. PLEASE GIVE US IF POSSIBLE AN APPOINTMENT TIME AT THE CONGEN FOR THEM, PLUS YOUR COMMENTS ON THE SITUATION DESCRIBED.

5. CAPE TOWN AND PRETORIA ACTION REQUESTED:

PLEASE LET US KNOW IF YOU HAVE HEARD ANYTHING ABOUT THE MEETING PRESUMABLY BEING ARRANGED FOR NEXT WEEK AT MINISTERIAL LEVEL WITH REPRESENTATIVES OF U.S. FIRMS. THOSE HERE ARE ANXIOUS FOR CONFIRMATION THAT THE MEETING WILL TAKE PLACE, AND IF SO, WHETHER WITH THE TRANSPORTATION MINISTER.
GUTHRIE

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